Service tax on existing LIC policies

1367. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to state:

(a) whether service tax will be payable even on future premium instalments of existing life insurance policies; and

(b) if so, how the old contracts of policy holders could be violated and whether they would be given the option not to persist with old contracts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) In terms of the provisions proposed in Finance (No. 2) Bill 2004 service tax would be payable even on future premium instalments of existing life insurance policies.

(b) This issue would have to be decided by the insurer, in accordance with terms of the contract.

Policy on operation of private banks

1368. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) whether Government have asked the Reserve Bank of India to review the policy permitting private commercial banks to operate in view of the failure of the Global Trust Bank due to mismanagement and other reasons;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) Does not arise.

(c) Govt. have not asked Reserve Bank of India (RBI) to review the policy permitting operation of private commercial banks. However, RBI, being regulator of commercial banks, has sent on its own, draft guidelines on ownership pattern in private sector banks and these guidelines were also placed on RBI website for feedback from public.